

**Kiawah Island Utility, Inc.**  
**Docket No. 2018-257-WS**  
**Operating Experience, Operating Margin, & Rate Base**  
**For the Test Year Ended December 31, 2017**  
**Combined Operations**

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) Proposed Increase \$	(5) After Proposed Increase \$
<b><u>Operating Revenues:</u></b>					
Utility Operating Revenues	7,973,304	533,541 (1)	8,506,845	482,369 (22)	8,989,214
<b><u>Total Operating Revenues</u></b>	<u>7,973,304</u>	<u>533,541</u>	<u>8,506,845</u>	<u>482,369</u>	<u>8,989,214</u>
<b><u>Operating Expenses:</u></b>					
Operating Expenses	5,562,259	(232,138) (2)	5,330,121	0	5,330,121
Depreciation & Amortization	695,384	(14,121) (3)	681,263	0	681,263
Amortization Expense - Sludge & Tank Painting	0	68,601 (4)	68,601	0	68,601
Amortization of Water Rights - Impact Fees	47,715	132 (5)	47,847	0	47,847
Utility Regulatory Assessment Fees	0	40,133 (6)	40,133	2,276 (23)	42,409
Property Taxes	297,289	225,455 (7)	522,744	0	522,744
Payroll Taxes	55,767	19,316 (8)	75,083	0	75,083
Other Taxes and Licenses	61,890	24,434 (9)	86,324	1,447 (24)	87,771
State Income Taxes	28,393	30,093 (10)	58,486	23,932 (25)	82,418
Federal Income Taxes	358,711	(125,352) (11)	233,359	95,490 (26)	328,849
Deferred Federal Income Taxes	(567,125)	567,125 (12)	0	0	0
Deferred State Income Taxes	(29,447)	29,447 (13)	0	0	0
<b><u>Total Operating Expenses</u></b>	<u>6,510,836</u>	<u>633,125</u>	<u>7,143,961</u>	<u>123,145</u>	<u>7,267,106</u>
<b><u>Total Operating Income</u></b>	<u>1,462,468</u>	<u>(99,584)</u>	<u>1,362,884</u>	<u>359,224</u>	<u>1,722,108</u>
<b><u>Other Operating Income</u></b>					
Gain (Losses) from Disposition of Utility Property	524	(524) (14)	0	0	0
Add: Customer Growth	0	0	0	5,132 (27)	5,132
Add: Amortization of Excess Deferred Income Tax	0	0	0	38,640 (28)	38,640
<b><u>Net Operating Income</u></b>	<u>1,462,992</u>	<u>(100,108)</u>	<u>1,362,884</u>	<u>402,996</u>	<u>1,765,880</u>
Less: Interest Expense	317,362	167,647 (15)	485,009	0	485,009
<b><u>Net Income for Margin</u></b>	<u>1,145,630</u>	<u>(267,755)</u>	<u>877,875</u>	<u>402,996</u>	<u>1,280,871</u>
<b><u>Operating Margin</u></b>	<u>14.37%</u>		<u>10.32%</u>		<u>14.25%</u>
<b><u>Original Cost Rate Base: Combined</u></b>					
Gross Plant in Service	51,814,468	(94,986) (16)	51,719,482	0	51,719,482
Accumulated Depreciation	(19,448,388)	(949,398) (17)	(20,397,786)	0	(20,397,786)
Net Plant in Service	32,366,080	(1,044,384)	31,321,696	0	31,321,696
Contributions in Aid of Construction (CIAC)	(17,368,022)	0	(17,368,022)	0	(17,368,022)
Accumulated Amortization of CIAC	7,541,327	386,653 (18)	7,927,980	0	7,927,980
Construction Work in Progress	16,424	0	16,424	0	16,424
Cash Working Capital	0	666,265 (19)	666,265	0	666,265
Prepayments (ASR Inv.)	167,807	0	167,807	0	167,807
Accumulated Deferred Income Taxes	(816,452)	(158,270) (20)	(974,722)	0	(974,722)
Excess Deferred Income Tax Liability	(470,064)	(61,576) (21)	(531,640)	0	(531,640)
<b><u>Total Rate Base</u></b>	<u>21,437,100</u>	<u>(211,312)</u>	<u>21,225,788</u>	<u>0</u>	<u>21,225,788</u>